

A MESSAGE FROM THE SECRETARY

These are exciting times. Our country is in the sixth year of an economic expansion that has already generated more than 16 million new jobs. Inflation and unemployment are at their lowest points in a quarter of a century, and poverty and welfare dependency are declining. Violent crime has fallen dramatically for six straight years, and the stock market has soared, adding more than a trillion dollars of wealth in the last year alone.

Yet not everyone has shared in this prosperity. The housing situation for those occupying the lowest rung of the economic ladder is worsening. Despite our Nation's growing economy, a record 5.3 million households pay half or more of their income for housing or live in poor-quality units.

Moreover, HUD's *State of the Cities: 1998* report found that even though cities are fiscally and economically stronger than they have been in a decade, they continue to face the potent, long-term triple threat of concentrated poverty, constrained job growth, and a steady loss of middle-class residents. Cities are also challenged with bridging three fundamental opportunity gaps—in jobs, education, and housing—that are critical to reducing poverty and retaining middle-class families.

These troublesome disparities reinforce the importance of HUD's work to produce safe, decent, affordable housing, create jobs, and to help build strong communities. When I took office in January 1997, the Department faced a competence gap that compromised our mission. With a laser-like focus, HUD began the task of putting our own house in order. Drawing upon the best public- and private-sector management approaches and drawing on teams of HUD employees from all parts of the organization, we worked for months to create the *HUD 2020: Management Reform Plan*, a comprehensive plan to reform the way HUD delivers programs and services to America's communities.

I am proud to say that over the past year we have successfully implemented that plan and addressed many of the problems that have long plagued the Department. Some of the most significant reforms for the first time clearly divided the staff functions of those who give communities access to HUD programs from those who monitor and oversee programs to ensure integrity. Today, the Department's new Community Builders are connecting clients and communities to the full range of HUD resources, while Public Trust Officers administer program competitions and oversee program operations—preventing waste, fraud and abuse in all parts of HUD. The Community Builder Fellows has taken off—with over 8,000 applications for the first class of 230 Fellows. To augment these efforts, we have also established a new Enforcement Centers headed by a Senior FBI agent to protect the taxpayers' investment in assisted housing and by the end of 1999 the first-ever nationwide inspection of HUD housing will be completed through our new Assessment Center.

In addition, "Storefront" offices are being established throughout the country in easily accessible areas of downtown business districts. The Storefronts will offer state-of-the-art computer technology to make HUD's consumer information available to anyone who wants it—with just a few keystrokes. These public information kiosks will contain basic information about HUD and its programs, while HUD "Answer Machines" will give customers easy access to useful information on all HUD's services.

An outside assessment by management expert David Osborne concluded that "if HUD continues down the road it is going today—and continues to refine its strategy—the agency that was once a symbol for government scandal in the 1980s could very well be a model for reinvention in the 1990s." And now HUD's proven competence is paying off as the agency is receiving from Congress the budget resources needed to help rebuild communities.

HUD's recently announced Fiscal Year 1999 budget, the agency's best in a decade, validates the success of these reforms: a \$2 billion overall increase shared by every major program area and a major reform of public housing. The new budget says that HUD's



Cuomo's blueprint for change gets really interesting when it moves from internal structures to how HUD interacts with the outside world. One of his goals is to increase dramatically the interactivity between HUD and its customers, including community groups and rank-and-file citizens. For example, Cuomo plans to install Web kiosks in government buildings. Such connectivity tools, he believes, are a way to share more information with community groups—which can, in turn, better monitor how HUD spends its money.”

— *Fast Company Magazine*,
April/May 1998

hard work has paid off. For example, after five years without any new housing vouchers, the 1999 budget provides \$283 million for 50,000 Welfare-to-Work Housing Vouchers, an additional 40,000 rental vouchers freed up through regulatory streamlining, and 100,000 additional vouchers authorized for next year. The new appropriation also includes the a public housing reform bill, which will dramatically change public housing by reducing economic segregation, encouraging work and self-sufficiency, rewarding high performance by local housing authorities, and building developments that look and feel like communities of choice, not towers of despair. Writing about the HUD comeback, the strong budget and the public housing reform bill, respected New York Times columnist Bob Herbert said, “the Administration has managed a significant advance in the most unlikely of areas: low-income housing.”

For FY1999, all of HUD's major tools for cities and regions will see higher allocations, including: increased FHA loan limits from ranging from \$109,032 in low-cost areas to \$197,621 in high-cost areas, Round II Urban Empowerment Zones (\$45 million), the Community Development Block Grant (CDBG), the most flexible source of federal aid to localities (\$4.75 billion), HOPE VI funding to transform the Nation's most distressed public housing (\$625 million), the HOME block grant for local affordable housing production (\$1.6 billion), Homeless Assistance Grants (\$975 million), Housing Opportunities for Persons with AIDS (\$225 million), and Youthbuild (\$42.5 million), which trains out-of-school, jobless young people in construction skills and leadership as the youth build affordable housing, and the public-private Partnership for Advancing Technology in Housing (PATH). To support the President's vision for One America, HUD's budget for fair housing enforcement and education is up an unprecedented 33 percent—to \$40 million. And the list of critical budget victories goes on.

This report, *A New HUD: Opportunity For All*, is a metaphor for HUD's reinvention. It is the first report to organize HUD's myriad programs according to the results they achieve, rather than by the office from which they operate. This reflects not just a shift in policy but a shift in philosophy as well. Instead of continuing as a fragmented agency, we are becoming one Department with one shared focus: offering a more comprehensive menu of Federal support that is integrated, flexible and decentralized.

A core set of HUD programs continues to serve as the foundation for achieving HUD's mission. These programs are increasingly designed to empower people and communities to build long-term solutions to the challenges they face. We are encouraging homeownership as a primary way of creating stable communities. Our rental housing programs offer decent and affordable housing as a platform on which personal growth and improvement can occur. Our community initiatives support job growth and train people to fill those jobs. Our fair housing programs break down barriers for those who are unjustly held back by discrimination.

We are confident a more integrated Department that offers a menu of accessible tools and works in partnership with communities is the best vehicle to help close the opportunity gaps that we face. With a new HUD for a new century, we are better prepared to help communities help themselves—and ensure that all Americans have the opportunity to succeed and thrive in this new era. It is a time to be hopeful about what we can achieve and to work with renewed energy and vigor to seize this opportunity to invest our economic good fortune for the benefit of all Americans.



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